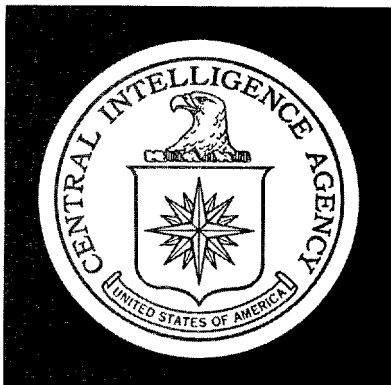


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State Dept. review completed

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【South Vietnam: Enemy-initiated action remained at a low level on 29-30 April.

In the largest single action of the day, South Vietnamese infantrymen killed some 85 North Vietnamese troops in a battle just south of the Demilitarized Zone. There were scattered ground clashes elsewhere, mostly initiated by US patrols and sweep forces. [REDACTED]

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Western Europe: The West Europeans have shown misgivings over De Gaulle's departure, but their dominant reaction is one of relief and new hope for European unity.

Some commentators have expressed concern about the prospects for a smooth political transition and for future stability in France. Others are even more concerned about possible devaluation of the franc and its effect on other currencies.

Mainly, however, the Europeans feel relieved at the removal of a man whose ideas and style were regarded as out of step with the times. The Europeans believe there are possibilities for a more positive French policy toward Europe and NATO.

Italian Foreign Minister Nenni believes that a new dialogue on Europe is about to open with France. Nenni and Italian President Saragat this week left London, where, jointly with the British, they issued a declaration calling for a united Europe. Prime Minister Wilson told Saragat he hoped France would now withdraw its veto of British membership in the Common Market, but he doubted that progress would be rapid.

In Bonn, Foreign Minister Brandt has said publicly that he hoped "the coming period will make it possible to strive for new progress in European policies."

Members of the European Commission believe that the situation in Europe is dramatically and fundamentally changed. In their view, however, the consequences of the change will unfold slowly because the new French Government will take some time to settle in and Bonn is likely to be inactive until after the German elections next September.

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Brazil: President Costa e Silva appears to be having trouble restraining military hard-liners.

On 29 April the National Security Council issued its longest purge list to date. More than 100 persons, including 15 federal and 59 state deputies, were stripped of their political rights. This brings to nearly 300 the number of persons punished by the government since it assumed broader powers under an Institutional Act in December 1968.

Some 42 others, including 12 diplomats, were forcibly retired from the Foreign Ministry.. For the first time the government also exercised its powers under the act to prohibit purged civilians from practicing their professions.

None of those on the list was of significant national stature. Nevertheless, the prolongation of the purges and the recent forced retirement of many leading educators are beginning to cause uneasiness even among those civilians who have supported the government's efforts to root out corruption.

There are more serious differences between hard-line activists who want even more widespread purges of politicians--particularly those who "betrayed" the government in Congress--and more moderate leaders who want an end to political punishments and a return to some form of "normal" constitutional regime. The President apparently is not strong enough to deny the hard-liners' demands, however, and there probably will be additional purges.

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Costa Rica: Labor unrest among dock workers and banana company employees in the Atlantic port of Limon may lead to violence.

The government has detached 100 civil guard troops to reinforce local police who have taken control of a principal dock to prevent an illegal work stoppage. A strike among banana workers on nearby Standard Fruit Company farms has added to local tensions. Communist labor organizers are attempting to mobilize a large May Day demonstration on company property although provincial officials had refused to give their permission.

Limon was the scene of serious rioting last October, and an incident arising from either of the current disputes could result in new disorders.

[REDACTED]

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USSR-US: Moscow for the first time revealed information about its peaceful nuclear explosions at recent US-Soviet technical talks in Vienna.

The Soviet representative described two nuclear tests, [REDACTED] The tests were said to have occurred several years ago but the specific locations were not disclosed. Although this is the first time the Soviets have admitted conducting such tests, a number of experiments using nuclear explosions for peaceful applications are believed to have occurred in the USSR over the past four years or so.

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The Soviets stressed that they do not wish to tamper with the Limited Test Ban Treaty of 1963, but made clear their concern about the absence of standards for limiting the buildup in the atmosphere of radioactivity from peaceful nuclear explosions. They showed interest in reaching a common view with the US on how to reconcile the constraints of the Limited Test Ban Treaty with the obligations of the Nonproliferation Treaty and were eager to work out such a position prior to any international consideration of the problem by the International Atomic Energy Agency. The Nonproliferation Treaty calls on the nuclear signatories to share peaceful nuclear technology with nonnuclear nations. [REDACTED]

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USSR - West Germany: Moscow and a West German firm have reached agreement for the fabrication of large-diameter steel pipe to transport natural gas from deposits in Arctic Siberia to processing centers in the European USSR.

The USSR currently uses up to 48-inch pipe for its pipelines, but it recently began to install prototype equipment to fabricate pipe up to 99 inches in diameter. The Soviets have sought West German assistance after they apparently encountered difficulties in producing such pipe on their own.

A spokesman for the West German firm has stated that joint efforts would be made to produce equipment to manufacture pipe of this size and that either a Soviet or German system may be ready within two years. The successful use of such large-diameter pipelines would significantly increase capacity and reduce outlays for capital investment and maintenance costs.

The contract was announced following discussions in Hannover between Soviet Foreign Trade Minister Patolichev and West German Economics Minister Schiller. This contract has led to speculation that other discussions which could lead to a formal trade agreement may be forthcoming.

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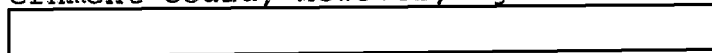
Lebanon: The country has remained quiet during the past few days as demonstrations called by pro-fedayeen elements have failed to materialize.



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Saiqah, the fedayeen organization backed by the Syrian Government, is continuing to foment trouble, however. Yesterday Lebanese troops clashed with a group of Saiqah fedayeen in the Mt. Hermon area.

The situation has, for the present, superficially eased as the political leaders seek a formula for accommodation. Any imprudent action by either the fedayeen groups and their supporters or the government could, however, again inflame the country.



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Jordan: A skirmish between the fedayeen and the Jordanian military police on 29 April is indicative of the high level of tension in Amman. An army officer, a terrorist, and three civilians reportedly died in a chance exchange which began when a Jordanian officer asked one of the fedayeen for his identity card. US officials in Amman note that the situation is ripe for a clash between King Husayn's security forces and the fedayeen, such as occurred last November. [REDACTED]

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Iraq - East Germany: Iraq yesterday became the first non-Communist state to accord full recognition to East Germany. Pankow, which has long centered its efforts to obtain diplomatic recognition in the Arab world and among other third world countries, probably will launch a major propaganda campaign and such pressure as it can exert on other states to get them to follow Baghdad's example. There presumably will be no great rush among other states to recognize East Germany, however, in part because West Germany would regard such an action as an "unfriendly act." Baghdad presumably was not concerned about Bonn's reaction because the Iraqis do not have diplomatic or trade relations with West Germany. [REDACTED]

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Peru: It appears unlikely that Peru will be able to ship the large quantities of sugar to the US in the next few months that would be necessary to minimize its losses if its US sugar quota is suspended. A severe drought has reduced production to the extent that Peru would fall considerably short of its quota for 1969 whether or not sanctions are applied. Peru stands to lose its quota, and US economic assistance, if it does not pay compensation for the properties of the US-owned International Petroleum Company. The Peruvian Government is expected to rule on the company's administrative appeal in this matter no later than 6 August. [REDACTED]

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European Communities: The Six appear to have averted a dispute over the presidency of the Commission which might have impeded the communities in dealing with the many problems they face in the coming year. At a recent meeting, representatives of the Six agreed "in principle" to continue President Rey in office until July 1970. There had been concern that France would oppose any renewal for Rey, who is an outspoken supranationalist. He had the support of the other members, however, and Paris made only a halfhearted effort to advance the candidacy of a less community-minded commissioner.

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